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Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10
L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00 AID-05
CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01
STR-04 TRSE-00 CIEP-01 CEA-01 DODE-00 NSCE-00 SSO-00
USIE-00 INRE-00 /100 W
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O P 270928Z JAN 77
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 4778
INFO ALL OECD CAPITALS PRIORITY 143

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E.O. 11652: N/A
TAGS: UNCTAD
SUBJ: UNCTAD: SECOND PREPARATORY MEETING ON A COMMON FUND

REF: GENEVA 0533 (NOTAL)

1. SUMMARY: ONLY SIGNIFICANT DEVELOPMENT DURING FIRST THREE DAYS OF ONE-WEEK PREPARATORY MEETING ON COMMON FUND HAS BEEN TABLING OF DISCUSSION PAPER BY GROUP B (DEVELOPED) COUNTRIES IN GENERAL SESSION HELD AFTERNOON OF JANUARY 26. G-77 (DEVELOPING) SPOKESMAN'S IMMEDIATE REACTION WAS AS EXPECTED - REJECTION OF THIS EFFORT TO EXPAND CONSIDERATION OF POSSIBLE FORMS OF A COMMON FUND (CF) OTHER THAN THEIR OWN VERSION IN WHICH THE CF WOULD BE THE CENTRAL SOURCE OF FINANCING AND DIRECTION. END SUMMARY.

2. EXCEPT FOR BRIEF SESSION AFTERNOON OF JANUARY 26 AT WHICH GROUP B TABLED DISCUSSION PAPER AND RECEIVED G-77 INITIAL RESPONSE, THERE HAVE BEEN NO GROUP-TO-GROUP DISCUSSIONS DURING SECOND PREP MEETING ON A COMMON FUND. INSTEAD, GROUP B HAS BEEN WORKING INTERNALLY ON ITS
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ATTEMPT TO BROADEN OPTIONS UNDER CONSIDERATION, AND WE UNDERSTAND G-77 IS CONTINUING-WITHOUT GREAT SUCCESS-TO FURTHER REFINE ITS OWN POSITION INTERNALLY AND UNDERTAKE DRAFTING ON POSSIBLE ARTICLES FOR A COMMON FUND.

3. US REP (BOERNER) NOTED AT OUTSET OF GROUP B DIS-

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CUSSIONS THIS WEEK THAT WE NOT IN A POSITION TO PLAY AN ACTIVE ROLE BECAUSE NEW ADMINISTRATION JUST INSTALLED IN OFFICE, BUT ALSO STRESSED THAT WE SAW NO URGENCY IN ELABORATING GROUP B POSITIONS ON A COMMON FUND (CF) SO FAR IN ADVANCE OF ACTUAL NEGOTIATING SESSION (MARCH 7-APRIL 1). OTHER GROUP B MEMBERS FELT NEVERTHELESS THAT IT WAS TACTICALLY IMPORTANT TO GET ON THE TABLE FORMALLY ALTERNATIVE APPROACHES ON CF TO THOSE PROPOSED BY G-77. IT WAS AGREED THAT A DISCUSSION PAPER, PREPARED IN THE FORMAT OF OPTIONS, WHICH DID NOT COMMIT ANY MEMBER OF GROUP B TO A PARTICULAR SOLUTION (AND WHICH, BY REFERRING TO PREVIOUSLY STATED POSITIONS, ALSO COVERED POTENTIAL U.S. OPTION OF NO COMMON FUND), WOULD MEET ALL THESE PROBLEMS. IT WOULD ALSO HAVE THE ADVANTAGE OF PROVIDING A BASIS FOR FUTURE GROUP B CO-ORDINATION ON THE CF, INCLUDING AT NEXT WEEK'S MEETING OF OECD HIGH-LEVEL GROUP ON COMMODITIES.

4. DISCUSSION PAPER AS IT EMERGED THROUGH EXTENSIVE REWRITING OF CHARIMAN'S (UK-BARRASS) ORIGINAL DRAFT AND AS TABLED (SEE REFTEL FOR FULL TEXT) MAKES FOLLOWING POINTS:

(A) PAPER DOES NOT REPEAT NOT REPRESENT COMMITMENT BY ANY GROUP B MEMBER TO ANY PARTICULAR OPTION MENTIONED;

(B) THERE ARE "OTHER RELEVANT CONCEPTS" BESIDES THOSE MENTIONED IN THE PAPER WHICH DESERVE CONSIDERATION;

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(C) THERE ARE POSSIBLE APPROACHES TO BUFFER STOCK FINANCING OUTSIDE A COMMON FUND, AMONG THEM IMPROVEMENT OF EXISTING MULTILATERAL FACILITIES AND JOINT EXPORTER/IMPORTER FINANCING (PAPER ALSO NOTES SOME ARGUMENTS AGAINST THE LATTER APPROACH);

(D) PAPER LISTS AND ELABORATES FOUR CF OPTIONS TO BE "CONSIDERED, EITHER SINGLY OR IN COMBINATION": (1) CLEARING; (2) POOLING; (3) GUARANTEEING OF LOANS; AND (4) DIRECT LENDING FROM OUR RESOURCES.

5. THE REACTION OF THE G-77 SPOKESMAN (ALATAS OF INDONESIA) WAS IN ESSENCE A REPLAY OF THE STATEMENT MADE AT THE FIRST IPG, I.E., NAIROBI WAS A POLITICAL COMMITMENT TO NEGOTIATE ON A COMMON FUND, THE OUTLINES OF WHICH WERE WELL-KNOWN. THE CF CONCEPT ACCEPTED THERE INVOLVED A CENTRAL SOURCE OF FINANCE AND CONSIDERATION OF GROUP B OPTIONS AS SEPARATE CF PROPOSALS WAS OUTSIDE THE IPC AND THUS NOT ACCEPTABLE. THE FUNCTIONS -- POOLING

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SURPLUS FUNDS, GUARANTEEING LOANS AND CONSUMER FINANCING--
COULD BE CONSIDERED AS INTEGRAL PARTS OF THEIR CENTRAL
SOURCE OF FINANCING PROPOSAL.

6. COMMENT: WE BELIEVE NET EFFECT OF TABLING OF
GROUP B PAPER WILL BE BENEFICIAL. IT UNDERLINES VIEW
THAT OPTIONS OTHER THAN A HIGHLY-CENTRALIZED SOURCE
OF FINANCE, CF NEED TO BE EXAMINED, A POINT WHICH WE
HAVE BEEN STRESSING IN PRIVATE CONVERSATIONS WITH
G-77 REPS HERE. IT WAS NOTABLE THAT IN COURSE OF
GROUP B DISCUSSIONS, AUSTRALIA AND CANADA CAME DOWN
STRONGLY IN FAVOR OF JOINT IMPORTER/EXPRTER FIN-
ANCING (READ MANDATORY CONSUMER CONTRIBUTIONS) TO
INDIVIDUAL BUFFER STOCKS IN AGREEMENTS OUTSIDE A
CF; WE CAN EXPECT THEM TO PUSH HARD IN FUTURE SESSIONS
FOR AN AGREEMENT ALONG THESE LINES AS AN ALTERNATIVE
TO THE CF.CATTO
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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